

OCASI Comments on Federal Budget 2012

Background

The Ontario Council of Agencies Serving Immigrants (OCASI) is disappointed that Federal Budget 2012 announced in Parliament yesterday (March 29) does little to address the inequalities that Ontario workers face in trying access Employment Insurance (EI), and does little to address the challenges and inequalities that immigrants face in labour market participation.

We know from various studies that employment and income disparities persist for racialized people in Canada, regardless of education. They are more likely to be unemployed and underemployed. Unemployment rates among racialized Canadians are 8.6% compared to 6.2% among other Canadians. This despite being more willing and available to work, as demonstrated by their higher labour participation rate (67.3% compared to 66.7%).

A recent studyⁱ on the 'colour-coded' labour market found that racialized Canadian workers earned 81.4 cents for every dollar paid to their White counterparts. Racialized immigrants are at a double disadvantage when it comes to labour market participation. Racialized immigrant women earn only 48.7% of the employment income that non-racialized immigrant men earn, while racialized women as a whole earn 56.5% (\$25, 204) of what White men earn (\$45,327). The effect of these inequalities in the labour market is that racialized Canadians are three times more likely to live in poverty than other Canadians (19.8% compared to 6.4%).

Citizenship and Immigration Canada announcements in the Budget

The government used the tabling of the Budget as an opportunity to announce several changes to the Federal Skilled Worker Program (FSWP) and temporary foreign worker program. The changes are to meet the government's stated intention of aligning selection with labour market needs. Some of the main proposals are described below:

Applicants to the FSWP are to first have their educational credentials assessed before they can proceed with their application. CIC announced this change, which mirrors current practices in Australia, in a media release issued on March 28, one day before the budget announcement. The assessment is reportedly an attempt to address the problem of internationally trained immigrants (ITIs) not being able to find work in their chosen field. It is not meant to guarantee employment or recognition of credentials by accrediting bodies, but is instead a weeding-out exercise. The FSWP point system is to be reformed to privilege immigrants who are younger, and who have better English or French language skills.

Both proposals are intended to address an important concern about the under-employment of ITIs and under-utilization of their skills. While these measures may help potential immigrants make an informed decision about emigration or improve employment outcomes for ITIs, they could have other unintended consequences.

Recent studiesⁱⁱ have found that the high language requirements and pre-arrival assessment required in Australia had an impact on the mix of source countries, such that the number of immigrants arriving from countries such as the United States, Britain and New Zealand increased

while those from Asia decreased. The effect on more positive labour market outcomes was less definite.

The proposed pre-arrival assessment would do nothing to address the barriers faced by ITIs in gaining credential recognition or becoming employed in one's field. The barriers have been documented in policy and research reports as well as media storiesⁱⁱⁱ. In addition to the time and money required for accreditation which many immigrants cannot afford, other barriers include, for example, a limited number of residencies available for physicians and surgeons to complete licensing requirements, the lack of professional networks in Canada, and a lack of understanding and prejudice among employers which can become factors in hiring.

The Budget also includes a proposal to encourage employers to first try to fill job vacancies from those on Employment Insurance (EI) before recruiting temporary foreign workers (TFWs). At the same time, the government intends to reduce paperwork and processing times for employers who wish to hire TFWs. The change may address to some extent the concern that the government should do more to help those on EI to find work. OCASI strongly suggests that the government include unemployed immigrants not currently on EI as well as under-employed immigrants in the pool of workers available for hiring. We also encourage the government to explore ways to re-integrate the goal of nation-building in immigrant selection, particularly by privileging permanent over temporary residency.

The Budget includes a CIC announcement to reduce the backlog in federal skilled worker applications. The government plans to remove from the queue 'certain' applicants who applied under criteria established before February 27, 2008 and refund the fee that reportedly totals \$130 million. OCASI awaits more details on these plans.

The Council is concerned that the cuts to the CIC operational budget and the need to deal with these new priorities may result in further delays in visa posts with insufficient resources, as well as the continuation of the devaluing of the importance of family reunification.

Funding cuts

Spending cuts announced in the Budget are to amount to \$5.2 billion over three years. This includes cuts to the Citizenship and Immigration Canada (CIC) budget, to be applied mostly in operations at least in 2012-13.

The CIC budget is to be cut by \$29.8 million in 2012-13, which will increase to a cumulative \$65 million in 2013-14, and \$85million in 2014-15, representing 3% of the budget. Cuts to the Immigration and Refugee Board, a small percentage of the total, are included^{iv}. The Council has advocated and is expecting the cuts to be applied primarily in operations and not programs and services which absorbed over 90% of previous (2011-12) cuts to CIC's budget. The Ontario Region settlement programs budget however, will likely see reductions as per the funding allocations model, as a result of lower immigrant arrivals to Ontario.

Ontario continues to receive by far the largest number of immigrants to Canada – more than all the Western provinces, all the Atlantic Provinces and the three territories combined. However the rate of arrivals to this province has dropped in the last few years, as compared to previous years

and compared to the rate of arrivals in other provinces. Immigrant arrivals in Ontario went from 47% of all arrivals in Canada in 2007 to around 40% in 2011^v. In spite of this OCASI reminds CIC that the settlement and integration services needs of immigrants and refugees do not begin and end in their first or second years of arrival, and funding levels to Ontario region need to reflect this reality.

Human Resources and Skills Development budget is to be cut by \$10.6 million in 2012-13, which will increase to a cumulative \$64.7 million in 2013-14, and \$286.7 million in 2014-15 representing 11% of the budget.

Other proposals

The Budget proposes changes to EI such as extending the current limit on EI premium increases, allowing workers to keep more of their earnings when working part-time while on EI, and changing the base earnings to calculate benefits (best 14 of 22 weeks). However, these changes do not address the concern that current rules are not fair to Ontario workers and therefore exclude many Ontarians from EI. Immigrant and racialized workers are over-represented among those who have paid into the EI fund but rarely qualify for benefits in the event of job loss.

The Budget proposes to increase the eligibility age for Old Age Security (OAS) from age 65 to 67, with implementation starting in 2023 and moving to full implementation in 2029. Seniors have to qualify for OAS in order to be eligible for the Guaranteed Income Supplement (GIS), and the proposal would make them ineligible for both for two more years. One in three seniors currently benefit from GIS. Racialized older workers and those older workers not born in Canada are over-represented among the working poor and would be hardest hit by the change. This change will bring pressure to bear on provincial budgets as they make up the GIS shortfall in seniors' earnings.

The Budget also announced that 19,200 public sector jobs are to be cut. The number of jobs lost will have an impact on the economy, and will likely affect access to government services as we have already seen with cuts to HRSDC and the delays in processing EI claims.

Conclusion

OCASI had identified priorities for the 2012 budget through submission to the Standing Committee on Finance^{vi}, and through contribution to the Alternative Federal Budget^{vii} released by the Canadian Centre for Policy Alternatives. The Council's recommendations focus on investing in the effective economic, political and social integration of immigrants and refugees, and on addressing the growing levels of poverty in Canada in which Aboriginal peoples, racialized Canadians and immigrants are over-represented. We will continue to use every opportunity to dialogue with the government on these priorities.

OCASI recommendations to the Standing Committee:

Recommendation 1: Ensure stable and adequate funding of settlement and integration services by continuing funding at the 2011-2012 levels.

Cost: \$640 million per year (excluding Quebec) based on 2011-12 funding levels.

Recommendation 2: Adopt a tax credit strategy to encourage small and medium employers to hire immigrants in good quality employment.

Cost: Up to \$350 million in years 1 & 2, and up to \$500 million a year thereafter. These costs will be off-set in the short and long run through increased income taxes payments by the immigrant participants because of higher income levels.

Recommendation 3: Improving the Employment Insurance system by reducing the number of qualifying hours to 360 in all regions, calculating benefits on workers' 12 best weeks of earnings within the previous 52 week period, increasing benefits to at least 60 percent of workers' earnings, and eliminating the two-week waiting period before being able to apply.

Alternative Federal Budget Actions:

- Ensure that funding in immigrant settlement services is predictable, flexible and is based on the level of need of all immigrant and refugee groups.
- Provide paid internships for recent graduates from equity-seeking groups.
- Provide financial incentives for employers to practice employment equity, including tax incentives to hire, train, retain and promote workers from equity-seeking groups/backgrounds and recent immigrants who have been in Canada for 10 years or less.
- Reinstate the Court Challenges Program.
- Reform the Temporary Foreign Worker's program by introducing periodic rotating workplace inspections, and/or providing funding to provinces to strengthen provincial employment standards enforcement programs and create workers' rights information materials for individuals in TFW program.
- Bring back the long-form census.
- Require all government ministries to collect, track and disclose disaggregated data for racialized groups - particularly as recommended by the Canadian Human Rights Commission in its report Human Rights Accountability in National Security Practices^{viii}.

ⁱ Block, Sheila and Galabuzi, Grace-Edward. "Canada's colour coded labour market: the gap for racialized workers". Wellesley Institute and Canadian Centre for Policy Alternatives. 2011.

ⁱⁱ Clarke, Andrew and Skuterudz, Mikal. "Why Do Immigrant Workers in Australia Perform Better Than in Canada? Is It the Immigrants or Their Labour Markets?" . January 2012

http://arts.uwaterloo.ca/~skuterud/Mikal_Skuterud/Research_files/clarke_skuterud_census.pdf

ⁱⁱⁱ <http://www.insidetoronto.com/community/life/article/1005770--foreign-trained-md-dentist-couple-open-dream-clinic>

^{iv} Budget 2012. Department of Finance. Table A1.5

^v Facts and Figures: Preliminary Tables – Permanent and Temporary Residents 2011. Citizenship and Immigration Canada. <http://www.cic.gc.ca/english/resources/statistics/menu-fact.asp>

^{vi} [http://www.ocasi.org/downloads/OCASI_2011_final_submission_to_finance_standing_ctte\[1\].pdf](http://www.ocasi.org/downloads/OCASI_2011_final_submission_to_finance_standing_ctte[1].pdf)

^{vii} <http://www.policyalternatives.ca/afb2012>

^{viii} http://www.chrc-ccdp.gc.ca/publications/srp_2011_rsp/toc_tdm-eng.aspx